

**Minutes Of The Board Of Trustees
City Of Cincinnati
Retirement System
November 6, 2003**

The Chairperson called the meeting to order at 1:30 p.m. with the following members present:

Minette Cooper (Proxy for Mayor Luken)

Joe Harrison

Valerie Lemmie

William Moller, Secretary

Brian Pickering

V. Daniel Radford, Chairperson

Ely Ryder

Edwin Volpe

Members Absent

John Bowling

John Cranley

Michael Rachford

Mr. Radford called for a motion to approve the minutes from the October 2, 2003 Board meeting. The motion was made by Mr. Moller, seconded by Mr. Volpe and carried by the Board. The minutes were approved as prepared by the Secretary.

INVESTMENT COMMITTEE

Mr. Moller reported that the Investment Committee met on October 3, 2003 in Committee Room B. At this meeting, the Indianapolis based venture capital firm CID Equity Partners made a presentation to the Committee. This firm is in the process of closing their eighth venture capital fund and is recruiting the final limited partners to invest in this fund. The committee agreed that CID Equity partners made a good presentation and had a good track record in the venture capital asset class, but they declined CID's offer to become a limited partner in this fund, as the time frame to do so was short. The Committee again expressed their desire to complete the asset/liability study before making any changes to the current investment managers. Mr. Radford also commented that the Committee would like to review the capabilities of other locally based venture capital firms if it is decided to allocate additional resources to this asset class.

The Committee also discussed a request from the high yield manager Shenkman Capital for authority to invest in Rule 144A securities with registration rights as well as securities with CCC ratings. At this time, Shenkman is allowed to invest in Rule 144A securities as long as they have registration rights within 180 days of issuance. They are not authorized to invest in fixed income securities with ratings lower than B-. After discussion, the Committee agreed that they were comfortable with authorizing the investments in Rule 144A securities with registration rights (no specific time limit for the registration requirement) as these were now a large segment of the Rule 144A market and they had adequate trading liquidity for fair market valuations. However, the Committee was not completely comfortable with the request to invest in CCC rated securities and directed the staff to obtain additional information about these securities.

SECRETARY'S REPORT

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 52
2. Resolution for Return of Contributions – Total: 59 Amount: \$84,227.19
3. Resolution for Loans to Members – Total: 46 Amount: \$370,903.07
4. Report on Deaths of Pensioned Members – Total: 22
5. Report on Military Service Credit prior to Membership – Total: 1

The Secretary submitted the following vouchers for payment:

PAYEE	AMOUNT
Pensions & Investments – Subscription renewal for W. Moller & D. Radford	\$318.00
All Star Personnel Inc. – Temporary personnel Services	\$429.42
City of Cincinnati Division of Stores – Billing for Stores items for Sept. 2003	\$436.14
City of Cincinnati Printing Services – Charges for Sept. 2003	\$267.86
Bruce Fink – Mileage reimbursement for attending conference in Columbus	\$73.80
Brian Pickering – Reimbursement for conference expenses Sept. 20-26, 2003 in Philadelphia, PA	\$1,011.30
Paul T. Hogya, MD – Payment for 5 disability examinations	\$2,600.00
All Star Personnel Inc. – Temporary personnel services	\$429.42
Business Information Solutions Inc. – Storage of CRS files	\$50.40
City of Cincinnati Communications Technology – Billings for telephone services for Sept. 2003	\$605.81
ABS Business Products, Inc.	\$238.50
Paul T. Hogya, MD – Payment for 3 disability examinations	\$1,250.00
Mae Consulting, Inc. – Professional Services Rendered	\$3,040.00
Professional Awards & Design, Inc. – Retirement package Supplies	\$641.83
Wyoming Travel Inc. – Airfare for J. Harrison for conference Nov. 7-12, 2003	\$370.00
Double Tree Hotel Mission Valley – Lodging for J. Harrison at conference	\$479.50
Professional Awards & Design, Inc.- Retirement Package Supplies	\$1,110.58
Mercer Human Resource Consulting = Professional Services Rendered	24,108.00

The Secretary reported that at the close of business October 31, 2003, there was in the Treasury to the credit of the Retirement System the amount of \$12,424,541.78.

Mr. Moller reported that the asset level of the System as of 9/30/03 had increased to \$2.14 billion from \$1.99 billion at the beginning of the year. This represents an increase of about 7.8% in market value of assets since the beginning of the year.

Mr. Moller also reported that the actual asset allocations as of 9/30/03 (domestic equities 51.9%; international equities 13.7%; fixed income 33.5%; and alternative assets/real estate 0.9%) were within their target ranges. Ms. Lemmie asked how the 0.9% allocation to alternative assets/real estate could be within the 3.9% target allocation. Mr. Radford explained that the target allocation adopted by the Board for this asset class is an allocation as high as 3.0%, but no specific minimum. This policy would allow the Board to invest in this asset class if they found alternative asset funds that were compelling investment opportunities.

Asset Valuation:

- December 31, 2002: \$1.99 billion
- September 30, 2003: \$2.14 billion
- YTD Increase (Decrease): 7.76%

Current Asset Allocation: (Policy Objective)

- Domestic Equity: 51.9% (50%)
- International: 13.7% (13.5%)
- Fixed Income: 33.5% (33.5%)
- Alternative Assets/Treasury Cash: 0.9% (3%)

BENEFITS COMMITTEE

Mr. Harrison reported that the Benefits Committee met on November 5, 2003 at 12:30 p.m. in Room 115, City Hall. At that meeting, Mr. Moller reported that he had the opportunity at a recent Department Director's meeting to explain the Return-to-Work program and encouraged utilization of the program.

Mr. Harrison gave the following report.

1. Application for Ordinary Retirement November 1, 2003: Total – 6

No.	NAME	DEPARTMENT
38938	Gardell Smith	Water Works
39341	Carol Sisko	University of Cincinnati
39377	Brenda Thomas	University Hospital
40078	Jack Walker	Health
40202	David Stemmerding	Water Works
48596	Michael Keck	Human Resources

2. Application for Retired Members Deaths: Total - 21

3. Application for Disability Retirements: Total - 1

NO.	NAME	DEPARTMENT
48473	Gregory Van Ness	Finance

4. Application for Deferred Retirement: Total – 2

NO.	NAME	DEPARTMENT
51272	Richard Slavinski	Health
51745	Christian Nyberg	Transportation & Engineering

5. Application for Ordinary Death Benefit: Total – 2

NO.	NAME	DEPARTMENT
33456	Francis Jolley	RCC
48185	Sheila Brockman	Water Works

Mr. Harrison made a motion to approve the Benefits Committee report, seconded by Ms. Lemmie and carried by the Board.

Mr. Radford commented that there has recently been many benefit changes in the other Ohio public pension plans, and that he would like to start tracking these benefit changes and maintaining the information in a database that is readily available.

Mr. Harrison reported that the staff has provided the Benefits Committee with some analysis regarding the survivor benefits provided by the CRS compared to other retirement systems, but has asked the staff to obtain additional information. Mr. Moller commented that based on the data reviewed thus far, the survivor benefits provided by the CRS are pretty good. Ms. Lemmie suggested that the staff also obtain information from the Ohio Police and Fire Pension Fund regarding their survivor benefit package.

Mr. Ryder asked Ms. Lemmie if it is anticipated that any changes will be made to the healthcare plan for next year. If so, he would like to see participation by the Retirement Board as the City administration studies this issue. Ms. Lemmie commented that the healthcare issues are a long-term problem that will have to be dealt with over a long period of time, and she suggested the Benefits Committee prepare recommendations on this issue for consideration by the Retirement Board.

Mr. Ryder concluded the discussion on this issue with the comment that the medical benefits he has as a retiree have been earned over the course of his career, and he expects retirees to continue to get the same medical benefits as active employees.

PENDING BUSINESS

Asset/Liability Study:

Mr. Fink reported that the asset/liability study is still ongoing, and that he would like to set up meetings with board members so they can review the model developed by EFI Actuaries. Mr. Pickering asked if there is an anticipated completion date for this study, and Mr. Fink indicated that he expects the Board to be making asset allocation decisions by the end of January.

Survivor Benefits:

As mentioned previously, the analysis of the survivor benefits package is still under review by the Benefits Committee.

Corporate Governance:

Mr. Fink stated that he continues to work with Ohio PERS as well as the five other Ohio public pension plans to get an understanding of what they are doing with the corporate governance issue. He has also contacted funds outside the State of Ohio to get a broad sense of what other funds are doing. Mr. Radford commented that AFSCME has a representative that works exclusively on corporate governance. Mr. Radford will arrange an introduction.

Mr. Harrison noted that this would be Ms. Cooper's last meeting as a member of the Board as her term on City Council will end December 1, 2003. Mr. Harrison thanked Ms. Cooper for her many years of service to the retirees and also expressed his appreciation for the guidance she has provided to help him become a better Trustee for the retirement system.

ADJOURNMENT

Upon request of Mr. Radford for a motion to adjourn, the motion was made by Mr. Harrison, seconded by Mr. Moller and carried. The meeting adjourned at 2:05 p.m.